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LINCOLN

Chief of Station, Guatemala

INFO: Chief, WHD;

Operational []

Psych Intelligence Report, 10-16 May 1954

Reference: HULA-40

Reporting period was a turbulent one again marked by increasing tension in enemy circles and increasing boldness on the part of the opposition. However, the event of greatest significance was undoubtedly the arrival in Puerto Barrios of the ship Alfhem carrying arms purchased by the government. Should these arms successfully reach their destination, the psychological impact on pro-government forces and particularly on the Army, which is believed to be wavering in its loyalty, would be extremely difficult to counter-act. On the other hand, should sabotage action succeed, it is believed that the effect on opposition forces would be extremely favorable.

Target country, and particularly its capital, felt increasing uneasiness during period. Labor unrest grew, and strikes, both against government agencies and private companies, were spreading. The man in the street was rapidly becoming convinced that "something" will soon happen - but whether it will take the form of a movement against the government or a Communist coup here, probably lined with others elsewhere in Central America, was a matter of much speculation.

ESTIMATE OF THE ENEMY SITUATION

Increased government activity brought on by fear and climaxed by the arrival of arms ordered abroad took place during reporting period. While pro-government parties were in chaotic condition with the RN on the verge of dissolution and discontent with PAR leadership widespread in the provinces and labor disturbances prevalent, the government made an effort to retain Army support by releasing a letter calling for government overthrow, dated 22 April, allegedly sent to the 22 members of the Council of National Defense by an unknown party as yet in the organizing stage. This attempt at rallying officers to the present regime or forcing them to take a political stand was not believed to have accomplished its purpose and was viewed as a clumsy effort on the part of the government which indicated a lack of confidence in Army support.

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Government forces also put down further unrest in Chiquimula and arrested some 40 persons in Escuintla on charges of being anti-agrarian since they refused to accept parcels of land meted out under the Agrarian Reform Law.

ARBENZ was allegedly aiding in the formation of a "Nationalist" party of which he is to be the head. He reportedly was planning to have himself re-elected to the Presidency although the present Guatemalan Constitution prohibits such a measure.

ESTIMATE OF THE FRIENDLY SITUATION

Bolder action by opposition elements was noted during reporting period among both organized groups and individuals of anti-government sentiments, and until the end of the week when news of the arms-bearing ship reached the city, morale was believed high.

When Manuel MORAN, arrested and carried to the capital for involvement in "32" activities, returned to his home in Retalhuleu, he received a hero's welcome

Jorge Adan Serrano, opposition Deputy, announced privately that he was ready to head a new opposition movement. He said the new movement should be led by men ready to sacrifice everything for their country and should be ready to participate in the forthcoming elections.

Following the seizure of some 4,000 copies of El Rebelde by the police, two members of the anti-Communist student group sponsoring the publication appeared at the Guardia Judicial seeking an explanation. Contrary to former practice, the police released the newspapers but refused to state whether they would permit further issues to appear.

The initial excitement created by the appearance of the clandestine radio diminished somewhat but interest in both it and the "32" campaign has been kept alive. A report that the radio was actually a government trick was given little credence.

Reports of a forthcoming invasion from Honduras spread throughout opposition circles early in the week despite news of the general strike in that country, and opposition hopes were high.

CMH/ENB/cmh

Clara M. Heagey

18 May 1954

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